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# THE CORPORATION JOURNAL

(REGISTERED U. S. PAT. OFFICE)

VOL. VII, No. 147

JUNE, 1926

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*Published by*

THE CORPORATION TRUST COMPANY AND AFFILIATED COMPANIES

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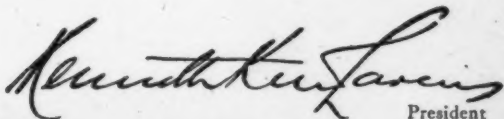
*The policy of The Corporation Trust Company in all matters relating to the incorporation, qualification, statutory representation, and maintenance of corporations, is to deal exclusively with members of the bar.*

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## IMPORTANT CALIFORNIA DECISION

The Supreme Court of California has handed down a decision in the case of Commonwealth Acceptance Corporation, a Delaware corporation, against Jordan, Secretary of State, holding that a foreign corporation may conduct business in California with a capitalization represented by stock of par and no par value and the mere fact that a foreign corporation has such shares is no bar to its "doing business" in the state. Arnold C. Lackenbach and Dunne, Brobeck, Phleger & Harrison, all of San Francisco, (Frank S. Richards, of San Francisco, of counsel) represented the petitioner, the Commonwealth Acceptance Corporation. Wm. M. Abbott, K. W. Cannon, Allen G. Wright, Charles A. Son, John P. Beale, William H. Orrick, Alfred Sutro, McCutchen, Olney, Mannon & Greene, all of San Francisco, and Bauer, Wright & Macdonald, Ferrand & Slosson, Flint & MacKay, Gibson, Dunn & Crutcher, Lawler & Degnan, Loeb, Walker & Loeb, Newlin & Ashburn, Overton, Lyman & Plumb, Page, Nolan, Rohe & Hunt, all of Los Angeles, amici curiae. Copies of this decision may be had at any of our offices.

The **Corporation Journal**, as usual, will not be published in July, August and September. The next number will contain all matter collected since the date of this issue.

  
President

That The Corporation Trust Company's services to attorneys in incorporation are most frequently used in connection with incorporation in Delaware is only because Delaware is most often found the best state for incorporation.

*The same high character of service rendered to attorneys in Delaware incorporations is rendered by The Corporation Trust Company for incorporation in any other state or territory of the United States or any province of Canada. This company has offices and representatives in all.*

# THE CORPORATION JOURNAL

*Edited by John H. Sears of the New York Bar*

VOL. VII, No. 147

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The Corporation Journal is published by The Corporation Trust Company monthly, except in July, August and September. It will be mailed regularly, postpaid and without charge, to lawyers, accountants, corporation officials, and others interested in corporation matters, upon written request to any of the company's offices.

When it is desired to preserve the Journal in a permanent file, a special ring binder will be furnished at cost (\$2) and thereafter each copy will be punched to fit the binder.

The Corporation Trust Company, publisher of the Journal, was founded in 1892 to gather and compile for lawyers official information in regard to the laws, regulations, court decisions and local practice in various states relating to the organization, qualification, taxation and maintenance of business corporations; and to assist attorneys in the details of organization or qualification in any state.

For the conduct of this branch of its business the company now has offices and representatives in every state and territory of the United States and in every province of Canada. It furnishes complete and up to the minute information, precedents and assistance in drafting all required papers for incorporation or qualification in any state, territory or province, and under the attorney's direction performs all necessary steps, and furnishes the statutory office or agent required. This service is rendered to members of the bar only.

Because of the unique organization thus built up, especially trained and experienced in the gathering and furnishing of exact official information, it naturally fell to the lot of The Corporation Trust Company to originate and furnish, as they became needed, The Federal Tax, Federal Reserve Act, Federal Trade Commission, Supreme Court, and New York Tax Services; The Corporation Tax Service, State and Local; The Stock Transfer Guide and Service (covering all requirements under the various state Inheritance Tax and Federal Estate Tax Laws, the various state probate laws, and the Uniform Requirements of the New York Stock Transfer Association, relating to the transfer of corporation securities); The Congressional Service (covering proposed legislation in Congress); and special services to lawyers and their clients having business to take up with committees, commissions, boards or officials at Washington.

Incorporated under the banking law of the State of New York, and its affiliated company incorporated under the trust company law of the State of New Jersey, the company is also qualified to act for corporations as Transfer Agent or Registrar of their securities, or as Trustee, Custodian of Securities, Escrow Depository, or Depository for Reorganization Committees. As an adjunct to these services it also assists counsel in procuring the listing of securities on the New York Stock Exchange.

Details of any of these services will gladly be furnished at any of the company's offices.

**THE CORPORATION TRUST COMPANY**

120 Broadway, New York

*Affiliated with***The Corporation Trust Company System**

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(The Corporation Trust Co. of America)

Having offices and representatives in every state and territory of the United States and every province of Canada and a large, trained organization at Washington, this company —

—furnishes attorneys with complete, up to date information and precedents for drafting all papers for incorporation or qualification in any jurisdiction;

—files for attorneys all papers, holds incorporators' meetings, and performs all other steps necessary for incorporation or qualification in any jurisdiction;

—furnishes, under Attorney's direction, the statutory office or agent required for either domestic or foreign corporation in any jurisdiction;

—keeps counsel informed of all state taxes to be paid and reports to be filed by his client corporation in the state of incorporation and any states in which it may qualify as a foreign corporation;

Being incorporated under the Banking Law of New York, and its affiliated company incorporated under the Trust Company Law of New Jersey, the combined assets always approximating a million dollars, this company —

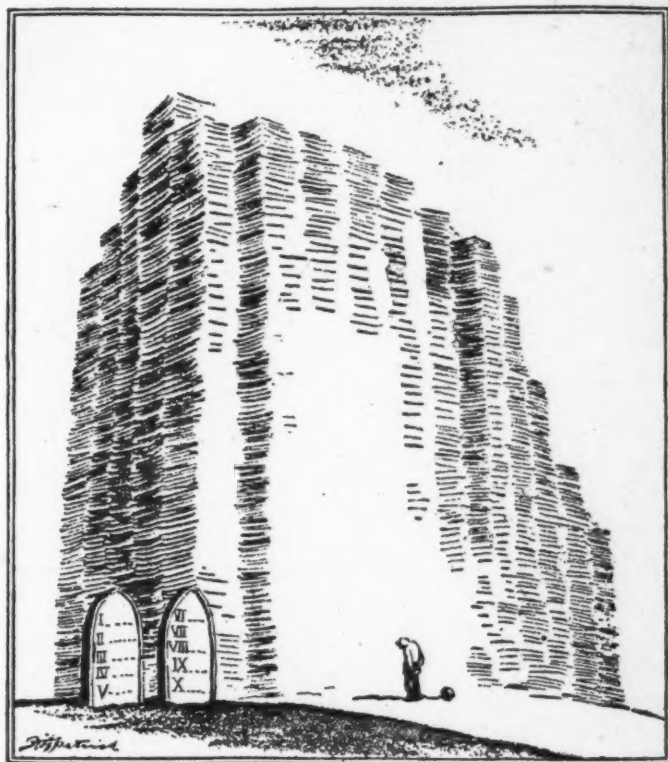
—acts as Transfer or Co-Transfer Agent or Registrar for the securities of corporations;

—acts as Trustee, Custodian of Securities, Escrow Depositary, or Depositary for Reorganization Committees;

—naturally (as a result of the great organization and facilities thus maintained) and necessarily (because of the important functions it performs for lawyers) keeps constantly informed of the official matters—legislation, court decisions, and the rulings and regulations of various governmental bodies—which relate to taxation, transfers of securities, regulation of business activities, etc., and furnishes such information, where desired, on an annual basis in the form of the following Service:—

The Federal Tax Service  
 Corporation Tax Service, State and Local  
 New York Tax Service  
 Congressional Legislative Service  
 Federal Reserve Act Service  
 Supreme Court Service  
 Federal Trade Commission Service  
 Stock Transfer Guide and Service

## Prize Winning Cartoon



THE LAWS OF MOSES AND THE LAWS OF TODAY.

The above cartoon, drawn by D. R. Fitzpatrick of *The St. Louis Post-Dispatch* and appearing in that paper on April 12, 1925, was awarded the Pulitzer Prize for 1925, as the best cartoon of the year. The Laws of Moses are shown in contrast to the voluminous output of the present day, with the shackled form of man appearing in the foreground. Those whose duty it is to familiarize themselves with this "mountain" of law greatly appreciate the truth shown in Mr. Fitzpatrick's cartoon. The cartoon was reproduced in *The New York Times* on May 9, 1926.

## Domestic Corporations

### Arkansas.

**Liability of officers on failure to file financial report.** This action was brought against the president and secretary of the Greenway Milling Company, a domestic corporation and is based upon their personal liability in failing and neglecting to file an annual report of the corporation at any time during the year 1923 in accordance with sections 1715 and 1726 of the statutes. The Supreme Court of Arkansas says that the sections in question fix a primary and absolute liability upon the president and secretary of the corporation who fail to file, at designated times, a financial report of the condition of the corporation in the office of the county clerk where it is located. The undisputed evidence in the instant case reveals that the president and secretary of the Greenway Milling Company, failed to file a report of the financial condition of the corporation at any time during the year 1923, which failure or default rendered them personally liable for all the indebtedness of the corporation created during the period of their default. *Sanders et al. v. Lovelace*, 280 S. W. 981. Ward & Ward, of Piggott, for appellants. Gautney & Dudley, of Jonesboro, for appellee.

### Georgia.

**Use of individual name in corporate name.** The United States Circuit Court of Appeals (Fifth Circuit) says that a corporation is not entitled to use in its name or for its products the name of an individual, though that individual is interested in the corporation and consents to the use made of his name, if that name, instead of another, was selected in order to aid the corporation in competing with an established concern engaged in a similar business and using the same name, such corporation's use of that name being calculated and intended to mislead the public with respect to the origin of its products, and having the effect of a false representation and of promoting unfair competition. *Vick Medicine Co. v. Vick Chemical Co.*, 11 F. (2d) 33. Robert C. Alston, of Atlanta, Sam S. Bennet, of Albany, and E. K. Wilcox, of Valdosta. (E. W. Moise of Atlanta, on the brief), for appellant. Harold Hirsch, of Atlanta, J. R. Pottle and I. J. Hofmayer, both of Albany, and Allen M. Reed and Edward S. Rogers, both of Chicago, Ill., for appellee.

**Corporation may transact business in name other than its corporate name.** A corporation may transact business within its corporate powers in a name other than its legally authorized name. The Court of Appeals of Georgia further says that the officers of a corporation who transact its business under an assumed or trade name are not liable to a person dealing with them as a corporation in ignorance of this fact for a debt contracted

by them under the assumed name, upon the theory that they are partners, having assumed to act as a corporation before having complied with the statutory requirements prerequisite to their organization as a corporation legally authorized to do business. *Golden's Foundry & Machine Co. v. Wight et al.*, 132 S. E. 138. *Henry R. Goetchins, of Columbus and Titus & Dekle, of Thomasville, for plaintiff in error.*

#### Ohio.

**Inspection of books.** This is an action brought by a stockholder against a corporation, to compel the corporation to permit the stockholder to make an examination of the books and papers and take copies thereof. The day the stock was transferred to his name on the books of the company, the stockholder demanded the privilege of making an examination of the books and papers of the company and taking copies thereof. The demand was refused, and thereupon this action was commenced. The Supreme Court of Ohio in disposing of the question, says as follows: "One who acquires ownership of capital stock in a corporation, in order that he may thereby establish a right to inspect the books and papers of the company and take copies thereof, and then seeks to exercise such privilege not in good faith to inform himself, as a stockholder, with respect to the management and status of the affairs of the company, but with the intent of giving publicity to the information so to be acquired which will diminish the value of the assets of the corporation, embarrass the company in the conduct of its business and thereby cause a loss to all other stockholders of the company, is not entitled to a writ of injunction commanding the officers and agents of the corporation to permit such inspection and copies to be made." *American Mortgage Co. v. Rosenbaum*, 151 N. E. 122. *Ritchie, Hermann & Ritchie, of Cincinnati, for plaintiff in error. Leo Weinberger, of Cincinnati, for defendant in error. Dinsmore, Shohl & Sawyer, Ernst, Cassatt & Cottle, James J. Muir, and S. A. Headley, all of Cincinnati, amici curiae.*

#### Oregon.

**Liability of corporation in entering into partnership.** The Supreme Court of Oregon says that in Oregon, as in other jurisdictions, the rule is that corporations cannot lawfully enter into partnerships with one another, or with individuals. The reason for the existence of the rule is that corporations can act only through their duly authorized officers and agents, and are not bound by the acts of any one else; while in a partnership each member binds the firm, when acting within the scope of the partnership. But, where a partnership contract has been entered into between a corporation and an individual, and has been executed by either party to the contract, and profits have been realized by one of such partners, through the transaction of the partnership business, the rule stated, cannot be invoked by such partner, to enable him or it to escape liability from accounting for and paying over to the other partner that partner's undistributed share of such profits. Especially is this so in cases where the transacted partnership business was a business in which the corporate partner was authorized to engage. *Page-Dressler Co. v. Meader et al.*, 244 Pac. 308. *Gus Newbury, of Medford (Newbury & Newbury, of*

Medford, on the brief), for appellant. Charles W. Reames, of Medford (Reames & Reames, of Medford, on the brief), for respondents.

#### Washington.

**By-laws governing sale and transfers of stock.** This action is brought by one who claims to be the owner by assignment of one share of stock in a domestic corporation and seeks to compel the company and its officers to cause the ownership of the share to be transferred upon the books from the assignor to him and to accord him all the rights appertaining to the ownership of the stock. The refusal is based upon the by-laws providing that to become a stockholder the person must be elected to membership by a majority vote of the board and also that the company had not been afforded an opportunity to purchase the share as further provided in the by-laws. The Supreme Court of Washington says that viewing these by-laws and contract provisions as assuming to give the corporation the right to purchase the stock for itself, they are void, as a corporation organized under the laws of Washington has no right or power to purchase its own stock. As to election to membership the court says that the by-laws plainly assume to make the right of stockholders to sell their stock and the right of others to purchase dependent upon the unrestrained will of the trustees. This is plainly an unlawful restraint upon the right of sale and purchase of the stock. "Viewing this controversy from every possible angle, we are fully convinced that Howland, upon the purchase of the stock, became entitled to all the benefits appertaining to its ownership, and that, in order to reap such benefits and be protected in that behalf, he has an absolute right as a matter of law to have the stock transferred from Keating to himself upon the books of the company. We think it has now been made plain that the so-called co-operative features attempted to be injected into the management of the affairs of the company are of no moment in the consideration of the right of its stockholders to sell and others to purchase its stock. State ex rel. Howland v. Olympia Veneer Co. et al., 244 Pac. 261. A. W. Tyler, of Olympia, for appellants. James O. Marts and Troy & Yantis, all of Olympia, for respondent.

## Foreign Corporations

#### Illinois.

**Right of unqualified foreign corporation to submit bid for public work.** The only question raised in this case is the right of a foreign corporation, not authorized to transact business in the state, to submit a bid for public work. It was contended that the publication of the plans and specifications, and the submission of the bid by the corporation, constituted a contract violating the statute and was therefore void. Further that the acts constitute a "transaction of business" in the state and that, if the corporation was not permitted to enter into a contract to do such work in the state, it was not authorized to submit

a bid and, therefore the bid was illegal and should not have been received. The Illinois Appellate Court (Third District) refuses to accept this contention, saying that the submission of a bid is only a preliminary step looking to the transaction of business and not the transaction of business in violation of the statute. The plans and specifications provided that the bid and award should not constitute a contract, but that the successful bidder should present evidence before a contract for said work should be executed that it was authorized to do business in the state. The rule is, in such cases, that no contract in law is made until the formal written contract is executed. *Ebinger v. Breese, et al.* (Not yet officially reported.) George E. Brannan, Ernest E. McDougal, both of Chicago, and Oscar Putting, of Springfield, for appellant. Barber & Barber, of Springfield, for appellees.

### Mississippi.

**Application of attachment statutes to foreign corporation.** The place of its creation ordinarily determines the residence of a corporation within the meaning of an attachment statute, and a foreign corporation "doing business" in the state under the laws thereof will be deemed a nonresident within the section of the statute which makes nonresidence a ground for attachment. In addition to the above the Supreme Court of Mississippi says that the statute which subjects foreign corporations found "doing business" in the state to suit to the same extent that domestic corporations are, does not domesticate such foreign corporations or relieve them of liability to attachment on the ground of nonresidence. *Central Western Development Co., Limited, of London, Eng., v. Lewis, 107 So. 557.* Henry, Canizaro & Henry, of Vicksburg, for appellant. Brewer, Brewer & McGehee, of Clarksdale, for appellee.

### New York.

**Single act does not constitute "doing business."** This action is brought by a foreign corporation for breach of contract and the question presented is whether or not it appears from the evidence that the company was "doing business" in the state so as to prevent maintenance of the action. The company subsequently complied with the statute. The Court of Appeals of New York in holding that the company was not "doing business" says that to come within the statute, a foreign corporation must do more than make a single contract, or engage in an isolated piece of business, or an occasional undertaking; it must maintain and carry on business with some continuity of act and purpose. Prior to the qualification of the company, the only thing it did was to make the contract and a few deliveries under it. Here was a single, individual transaction. The court in its decision further says that a foreign corporation may transact some kinds of business within the state without procuring a certificate or submitting to control. If its business be interstate, it is beyond state interference. A foreign corporation may send its agents into the state to make contracts for the purchase or sale of goods without falling within the inhibitions of the statute. Again, the mere maintenance of an office for a corporation within another state is not in and of itself without other proof evidence that it is "doing business" within that state. The office may be maintained merely as

a place of accounting, for the meeting of directors and officers, a station point for its superintendents or salesmen, or for mere showrooms. *International Fuel & Iron Corporation v. Donner Steel Co., Inc.*, 151 N. E. 214. Adelbert Moot and W. V. Moot, both of Buffalo, for appellant. Lyman M. Bass and Daniel J. Kenefieck, Jr., both of Buffalo, for respondent.

**Qualified foreign corporation presumed to be exercising its right to do business in state.** In an action against the Koppel Industrial Car & Equipment Company, arising from breach of a contract a motion was made to dismiss the complaint for want of jurisdiction. The New York Supreme Court (Special Term, New York County) says that the proof here is affirmative that the company was authorized to do business in New York and had taken the necessary steps to secure that right. It makes no affirmative allegation that it was not "doing business" pursuant to this right. It is inferable from the fact of procuring the license that the corporation was acting thereunder and the action is therefore maintainable. The corporation in advancing this contention, relies upon the case of *Gano-Moore Coal Min. Co. v. Deegans Coal Co.*, 214 N. Y. App. Div. 634. The court however, points out that in that case it affirmatively appeared that the corporation was not authorized to do business in New York. *L. B. Foster Co., Inc. v. Koppel Industrial Car & Equipment Co.*, 215 N. Y. Supp. 214. Truesdale, Nicoll, Falk & Gale, of New York City (Edwin A. Falk, of New York City, of counsel), for plaintiff. Larkin Rathbone & Perry, of New York City (Albert Stickney, of New York City, of counsel), for defendant.

### Tennessee.

**Service of process on foreign corporation engaged in interstate commerce.** This action was brought against a foreign corporation and defended by the corporation by plea to the jurisdiction; the corporation insisting that service of process could not be made upon it unless it was "doing business" within the state. In passing on this point the Supreme Court of Tennessee says: "Even if it be conceded, as we understand it to be insisted for defendant, that since its attempted withdrawal from the state as a complying foreign corporation in 1918, it has confined the business done in Tennessee to interstate business, it does not follow that it has not been doing business in the state in such a manner and sense as to afford ground for jurisdiction of the courts of this state; this question having been dealt with and definitely settled in the case of *International Harvester Co. v. Kentucky*, 234 U. S. 579, 34 S. Ct. 944, 58 L. Ed. 1479. In that case Mr. Justice Day said: 'We are satisfied that the presence of a corporation within a state necessary to the service of process is shown when it appears that the corporation is there carrying on business in such sense as to manifest its presence within the state, although the business transacted may be entirely interstate in its character.' We think it quite apparent that this defendant was doing a large proportion of an extensive business conducted in the Southern States in the state of Tennessee, and, as above indicated, it is immaterial whether the business was of an interstate character or not." *Alwood & Greene v. Buffalo Hardwood Lumber Co.*, 279 S. W. 795. Ed T. Seay

and J. C. Edwards, both of Nashville, for plaintiff in error. R. H. Crockett and T. P. Henderson, both of Franklin, for defendant in error.

**Texas.**

**Opinion of attorney general's office relative to admission of foreign corporation organized in other states by citizens of Texas.** The following opinion rendered by the Attorney General's Department, applies to an application for a permit to do business in Texas by a foreign corporation created under the laws of another state by citizens of Texas, the corporation having been organized for the sole purpose of transacting business in Texas: "In an opinion rendered by this Department on the third day of March, 1913, found in the Report of the Attorney General's Opinions, 1912-14, page 302, Chief Justice Cureton, then First Assistant Attorney General, said: 'Another familiar rule of law is that where a charter is obtained in a foreign state for the purpose only of transacting business in a domestic state, and with no bona fide intention of transacting business in the state from which the charter is obtained, that such action is a fraud, both upon the state issuing the charter and upon that into which it seeks admission for the transaction of business, and a charter obtained under such circumstances and conditions confers no rights upon the corporation and is not within the rule of comity between states which permits corporations chartered within one state to transact business in another'."

**Washington.**

**Statement pertaining to rights of foreign corporation to enter state.**

The Supreme Court of Washington, in a recent decision, makes the following statement, relating to foreign corporations: "But a state may, if it so wills, prohibit a corporation organized under the laws of another state from doing any business within its borders, or it may prescribe that, before doing business therein, it shall comply with certain fixed requirements, and it may, as a corollary of these propositions, prescribe the penalty for violation of the requirements. These penalties may be such as the state chooses to entail. It may subject the corporation, or the persons representing it, to a fine; it may deny to it the use of its courts to enforce its contracts; it may declare that the individuals representing the corporation, its managing officers and stockholders, are personally liable for its contracts; or it may declare any such contract absolutely void. But, whatever may be the penalty fixed, it is the general rule that the penalty measures the remedy of the individual who deals with it. If the law forbids entirely the doing of business by the corporation within the state, or if it permits the doing of business on certain conditions, and declares its contracts nullities without a compliance with the conditions, or if its expressly provides that one dealing with such a corporation has a remedy against the persons representing the corporation, its officers or stockholders individually, then the one so dealing may pursue that remedy; otherwise he must pursue the corporation." *Martin Bros. v. Nettleton et al.*, 244 Pac. 386. *Frank Oleson, of Seattle, and W. H. A. Renner, of Klamath Falls, Ore., (Frank Steele, of Seattle, of counsel), for appellant. Stephen V. Carey, of Seattle, for respondents.*

**All Transfers.**

*Has a 'stop transfer' been placed against this certificate?*

See pages 129 to 131, Uniform Requirements section.

*Is the signature satisfactorily guaranteed?*

See pages 79 and 80, Uniform Requirements section.

*If the transferee is a fiduciary is a certified copy of trust instrument exhibited?*

See ruling 94, page 145, and ruling 46, page 144, Uniform Requirements section.

*If the transfer is to joint tenants or to tenants in common is the nature of the tenancy correctly described?*

See pages 89 and 90, Uniform Requirements section.

**Transfer by an Executor or Administrator.**

*Is the appointment and present authority of the executor or administrator satisfactorily shown?*

See ruling 1, page 53; ruling 13, page 54; ruling 2, page 59; and ruling 13, page 60, Uniform Requirements section.

*Does the will, if there be one, give authority for the transfer proposed, or stipulate any conditions affecting it, and if so is satisfactory proof exhibited that such conditions are being conformed with?*

See ruling 4, page 53, Uniform Requirements section. For further information on this point see pages 43 to 49 Uniform Requirements section.

*Do the laws of the state under which the executor or administrator is acting give him authority to sell or distribute securities without an order of court?*

See questions 2 and 3, "Fiduciaries," under state section applying.

*Has the time limit allowed by law for the presentation of claims expired?*

**Expediting Stock**

The questions here shown are a few examples of those which a careful and experienced transfer agent must raise in regard to various requests for transfers of stock in order to protect the corporation from liability for making an improper or unauthorized transfer on the books of the company. The references after each question show the page or section numbers of The Stock Transfer Guide and Service where complete information is to be found as to the requirements in each case. In fact the questions and references

See question 3, "Fiduciaries," under state section applying. Also rulings 2 and 3, page 59, Uniform Requirements section.

*Is this transfer to the executor or administrator individually?*

See ruling 8, pages 53 and 60, Uniform Requirements section.

*If the state in which the company is incorporated levies an inheritance tax applicable to stock to be transferred, is a waiver from the proper state official exhibited?*

Reference should first be made to the Corporation Directory in Volume I and if the company whose stock is to be transferred is included in this Directory the waivers necessary to effect such transfer will be therein indicated. Then consult the State sections for information as to the inheritance tax law, whether or not it applies to both residents and nonresidents and also the procedure necessary to procure the waiver. If the stock to be transferred is not included in the Directory, consult section applying to state of incorporation of company for waiver requirements. See note, pages 53 and 59, Uniform Requirements section.

*Is a release required under the Federal Estate Tax Law?*

## Stock Transfers

here shown are merely extracts from the Check List of the Stock Transfer Guide and Service and illustrate how easily all the requirements for any particular transfer may be found in the Service—either by the transfer agent or by the person desiring to have a transfer made. This Service is the official guide of the New York Stock Transfer Association, composed of the country's leading transfer agents. It is published by The Corporation Trust Company. Full particulars gladly sent to anyone interested.

For all requirements under the Federal Estate Tax Law see page 1, et seq., Federal section.

*Is ancillary administration required by the state of incorporation of the company in transferring stock standing in the name of a non-resident decedent?*

Particular attention is directed to sections relating to Pennsylvania, Missouri and North Dakota, as states having requirements in this connection.

### Transfer by a Trustee.

*Is proof of the creation of the trust and appointment of the trustee satisfactorily shown?*

See pages 143 to 146, Uniform Requirements section.

*Do the documents exhibited establish the trustee's authority to make the transfer proposed?*

See pages 143 to 146, Uniform Requirements section.

### Transfer by a Guardian.

*Is proof of the guardian's appointment and present authority satisfactorily shown?*

See ruling 21 and 119, page 31, Uniform Requirements section.

*Do the laws of the state under which the guardian was appointed give him authority to dispose of securities without an order of the court?*

Turn to section for state in question and see requirements stated under question 1, "Fiduciaries."

### Transfer by a Receiver or of Stock standing in Name of a Bankrupt.

*Is satisfactory proof of the receiver's appointment and present authority submitted?*

See pages 117 and 118, Uniform Requirements section.

*Is a court order required in transferring stock out of the name of a receiver for a bankrupt?*

See ruling 50, page 118, Uniform Requirements section.

### Transfer by a Corporation.

*Is satisfactory proof submitted that the proposed transfer out of the name of the corporation is properly authorized?*

See pages 35 to 37, Uniform Requirements section.

*Are the papers required properly certified?*

See rulings 61 and 62, page 35, Uniform Requirements section.

### Transfer by Holder of Power of Attorney.

*Is original or recorded copy of power of attorney submitted with evidence that same is genuine and in full force and effect?*

See page 13, Uniform Requirements section.

*If the grantor is an executor or administrator does the power of attorney grant discretionary powers?*

See ruling 22, page 13, Uniform Requirements section.

## Taxation

### Illinois.

**Valuation of shares of no par value at \$100 for purpose of taxation.** The Roberts & Schaefer Co., was originally organized with an authorized capital stock of \$100,000, divided into 1,000 shares of the par value of \$100. In 1921, the Illinois Corporation Act was amended so as to allow corporations to issue shares of no par value. Shortly after the passage of this act, the corporation, by amendment of its charter, converted its outstanding stock into preferred stock and authorized and issued forthwith 10,000 shares of common stock of no par value. The Secretary of State demanded, under the statute, the payment of five cents on each share of no par value stock, on the assumption that for the purpose of the tax no par shares are to be valued at \$100. The corporation took the position that there was no statutory authority for the assessment of the tax on this basis, and that since its no par value shares had been issued as "fully paid up and non-assessable upon the payment of five dollars for each share in cash or property" it was liable to tax only on the basis of that valuation, and tendered the tax so computed. It was insisted that the tax imposed is a tax at a flat rate per share on no par value stock, regardless of its value, so that different corporations are taxed at different amounts although their no par stock was issued for the same total amount of capital; and that the tax is based upon an unreasonable and discriminatory classification in which no par value stock is placed in one class and taxed at an arbitrary valuation of \$100 per share, while par value stock is placed in another class and taxed at the value at which it is authorized to be issued. The Supreme Court of the United States says that the tax is imposed as a franchise tax upon a domestic corporation doing business only within the state. Its power to issue shares of both classes is derived from the laws of Illinois. The amount which may be issued; the manner of issue; the liability of holders of these shares and all other incidents of them, are regulated by the law of that state. The tax is not a property tax imposed on shares of stock or on the assets of the corporation. It is a tax on the corporate franchise, which includes the privilege, whether exercised or not, of issuing and using when issued, a particular kind of stock known as "no par value stock." As the stock may, under the statute, be issued for as much as \$100 a share, if the company so chooses, the statute fixes the maximum extent to which the privilege may be exercised as the basis for computing the tax. This decision of the Supreme Court of the United States, affirms a decision of the Supreme Court of Illinois, upholding the tax as assessed by the Secretary of State. *Roberts & Schaefer Co. v. Emmerson, Secretary of State of Illinois*, 46 S. Ct. 375. Paul O'Donnell, Albert L. Hopkins, and Richard S. Doyle, all of Washington, D. C., for plaintiff in error. Bayard Lacey Catron and Edward J. Brundage, both of Springfield, for defendant in error. (Petition for rehearing denied on May 24, 1926.)

## Washington.

**Foreign corporation on increase of capital stock required to pay filing fee in proportion to its authorized capital.** The Barber Company, a foreign corporation seeks in this proceeding to compel the Secretary of State to accept for filing its amended articles evidencing an increase in its capitalization. The Secretary of State refused because of the insufficiency of the amount of filing fee tendered. The fee demanded is the fee payable alike by domestic and foreign corporations under chapter 144, Laws of 1923. The company contends however, that this chapter is unconstitutional, as to it, a foreign corporation engaged in both interstate and intrastate commerce in the state. The Supreme Court of Washington in answer to this says: "In so far as the petitioner seeks as a foreign corporation the filing of the certified copy of its articles evidencing its increased capitalization and thereby the privilege of doing intrastate business in this state as a foreign corporation of such increased capitalization, it seems to us our recent decision in *Lamont, Corliss & Co. v. Hinkle, Secretary of State*, 239 P. 840, [See *The Corporation Journal*, February, 1926, page 112] is decisive against the petitioner in this case. The amounts of the filing fees prescribed by chapter 144, Laws of 1923, are graduated in proportion to the total authorized capital stock, original or increased, and are exactly the same in amounts as to both domestic and foreign corporations; so the latter, with respect to acquiring the privilege of doing intrastate business in this state, are burdened with such filing fees in the acquisition of that right exactly as our own domestic corporations are so burdened, and to no greater extent. The fact that the petitioner as a foreign corporation may not use all its capital in this state, it seems to us, is of no consequence in our present inquiry. The privilege it seeks is to do intrastate business in this state as a foreign corporation capitalized at \$2,500,000. To what extent it purposes to exercise that privilege is of no more concern to the state than as if it were a domestic corporation." *State ex rel. W. H. Barber Co. v. Hinkel, Secretary of State*, 244 Pac. 398. *Lund & Dodds, of Spokane*, for petitioner. *John H. Dunbar and R. G. Sharpe*, both of Olympia, for respondent.

## Federal Tax Matters

Outstanding features of a few of the many interesting rulings and decisions reported from April 20 to May 20 in *The Federal Tax Service* of The Corporation Trust Company are briefly summarized here. The complete reports should be examined to determine the extent of their application. These decisions and rulings, it must also be remembered, are not necessarily final. The citations are all to the above named Service.

The United States Supreme Court hands down its decision in the New York Life Insurance Company case in the matter of deferred dividends, amortization of premium paid for

bonds, and additions to reserve funds (Part 1, ¶3993). . . . Excess profits tax for 1917 fiscal year should be credited only against 1917 part of fiscal year income according

to the Court of Claims (Part 1, ¶4013). . . . It is frivolous for the beneficiary of a discretionary trust, who is favored with all its income, to seek to enjoin the collector from collecting from the trustee the tax assessed against the trust on such income—so indicated by the Supreme Court's dismissal of a case for want of jurisdiction (Part 1, ¶4024). . . . A transaction consisting of the borrowing of money in German marks, the loss of the money borrowed, and the subsequent repayment of the loan in American dollars when the mark has depreciated in value, results in a loss less than it would have been if the marks had not declined in value, but the mere diminution of the loss by reason of the depreciation in the value of the mark is not taxable gain as the Supreme Court sees it (Part 1, ¶4025). . . . The Court of Claims holds (under the 1918 Act specifically) that on the sale of a decedent's property by the executors of his estate the gain or loss is to be determined on the basis of cost, or March 1, 1913 value, to the decedent, the executors being the personal representatives of the decedent and there being no statutory authority for substituting for said basis the appraised value of the property at the time of death (Part 1, ¶4035); Conversely, Part 1, BTA Dec. 1432. . . . Excessive withdrawals or appropriations of a corporation's assets by its sole stockholder do not constitute a deductible item of expense or loss to the corporation; and the fact that another, merging corporation is called upon to pay resulting tax does not change this conclusion of the Court of Claims (Part 1, ¶4049). . . . The Circuit Court of Appeals agrees that the amortization of the March 1, 1913 value of a leasehold is authorized under the 1916-1917 Acts

as admitted by the Treasury Department in a Treasury decision released last October (Part 1, ¶4064). . . . The Commissioner promulgates his regulations in the matter of notice to the Commissioner of persons acting in fiduciary capacities, this pursuant to the requirements of Sections 281 and 317 of the Revenue Act of 1926 (Part 1, ¶4071; Part 2, ¶649). . . . A new ownership certificate, designated as Form 1000A, is provided for use by tax-free covenant bondholders who are subject to the withholding of tax at the new  $1\frac{1}{2}\%$  rate, and the Service publishes a ruling as to the use of the new certificate (Part 1, ¶4074). . . . The control of stock for the purpose of establishing the affiliation of corporations and the right to file consolidated returns is the subject of Part 1, BTA Decs. 1377, 1412, 1425. . . . The Board of Tax Appeals considers the provision of law excluding from taxes deductible from gross income "those assessed against local benefits of a kind tending to increase the value of the property assessed" (Part 1, BTA Dec. 1379). . . . The loss of household goods in transit is not a deductible item (Part 1, BTA Dec. 1385). . . . A coal mining company's expenditures are allocated to capital and expense (Part 1, BTA Dec. 1401). . . . The cancellation of indebtedness by agreement of creditors under certain circumstances is held not to constitute income (Part 1, BTA Dec. 1410). . . . Separate returns filed by husband and wife to effect a division of income on a community property basis (Louisiana) constituted no more than amendment of the original return and the statute of limitations against assessment runs from the filing of the original return (Part 1, BTA Dec. 1427). . . . An additional assess-

ment made under an unlimited waiver does not terminate the waiver and, therefore, the assessment of a second deficiency is not barred by the statute of limitations (Part 1, BTA Dec. 1428). . . . Liability for damages for breach of contract, which the taxpayer does not admit to the injured party and does not accrue on his books, is not a deductible item for the taxable year in which the breach occurred (Part 1, BTA Dec. 1440). . . . In an appeal involving the value of inventory at the date of death of a sole trader the Board of Tax Appeals accepts an appraisal in opposition to the Commissioner's contention that the establishment of the market value of inventories by means of appraisals is not permitted (Part 1, BTA Dec. 1441). . . . A corporation otherwise exempt from tax is not deprived of exemption because it carries on profitable or competitive activities in the furtherance of its predominant religious, charitable, scientific or educational purpose (Part 1, BTA Dec. 1442). . . . Life beneficiaries (under the 1918 Act) are not given the benefits of the trust's allowance for depreciation (Part 1, BTA Dec. 1443). . . . A real estate development project operating under a trust instrument, under the terms of which the beneficiaries have positive control over the trust, is held to be an association and taxable as a corporation (Bull. V ('26)-15, page 1). . . . The passing of the right to the allowance for depreciation of property sold under an executory contract is the subject of IT 2275 (Bull. V ('26)-15, page 3). Any claim for amortization filed in the Department prior to June 15, 1924, should be considered on its merits (Bull. V ('26)-15, page 4). . . . Army and navy allowances for subsistence, and in lieu of subsis-

tence while travelling on official business away from the designated post of duty, are not compensation and not subject to income tax (Bull. V ('26)-16, page 2). . . . Accrual of income taxes on income accrued during the year should be effected by taxpayer on accrual basis; State income tax on income for the year is deductible in computing net income for the year (Bull. V ('26)-17, page 2). . . . Discovery is not considered in computing depletion of oil and gas wells under the Act of 1926 (Bull. V ('26)-17, page 4). . . . Expenditures for advertising with respect to unproductive property cannot be capitalized as carrying charges (Bull. V ('26)-19, page 1). . . . The transfer of no more than a life estate by the executor to the trustee under the will is not a "disposition" of the property for the purpose of establishing a loss (Bull. V ('26)-19, page 8). . . . A claim for refund filed by invitation of the Bureau is a claim within the scope of the 1921 Act provision for interest to the taxpayer on the amount of the refund (Bull. V ('26)-19, page 10).

The Revenue Act of 1926 became the subject of amendment on May 14 when the President signed the bill repealing Section 806 which authorized the sale of revenue stamps by postmasters (Part 2, Stamp Taxes, ¶4258). . . . The first of the regulations under the Revenue Act of 1926 was promulgated—Excise Tax Regulations No. 47 (Part 2, Excise Taxes, ¶4540). . . . The United States Circuit Court of Appeals, First Circuit, reversing the District Court, holds that the United States may maintain an action to recover a balance of a Federal estate tax (1916 Act) the liability for which had accrued but the amount of which had not been assessed; a personal judgment

may be had against the executors for the amount of the tax due, and all the property of the estate that came into the hands of the executors and was not used to pay debts and expenses of administration, together with that transferred by the decedent in lifetime in contemplation of death, upon which a lien exists to secure payment of the tax, may be levied upon and sold to satisfy the judgment (Part 2, Estate Taxes, ¶646). . . . That part of the estate of a former decedent of which the present decedent was given the power of appointment by will should not be included in the present decedent's estate where the power of appointment has not been exercised (Part 2, Estate Taxes, BTA Dec. 1405). . . . The consolidated invested capital of a consolidation of corporations effected

by the issue of stock for stock prior to January 1, 1914, is the actual cash value, as of said date, of the stock paid in, but not exceeding the par value of the stock originally issued therefor, and the 20% limitation on the value of intangibles is not applicable—so holds the Court of Claims (Part 2, Excess Profits Tax, ¶2615). . . . Where under the terms of a partnership agreement brokerage seats were taken in as a contribution to capital at their market value, and returned to the owners thereof at the termination of the partnership at their then market value, the difference between said values is a loss or gain for the purposes of the partnership's tax return under the 1917 Excess Profits Tax Law (Part 2, Excess Profits Tax, BTA Dec. 1423).

## Notes

Repeal of the Capital Stock Tax by the Revenue Act of 1926 has relieved "family" and other holding corporations of the chief reason for restricting the powers of such corporations to the holding of property and distribution of its avails. As a result The Corporation Trust Company has already been called upon by attorneys for several such corporations under the Delaware law to file amendments broadening the corporate powers. More will undoubtedly follow.

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Certificate of incorporation has been filed in Delaware for the Indianapolis Power and Light Corporation, authorized, as stated in the charter, "to purchase or otherwise acquire, own and dispose of all or any part of the shares of stock

of Indianapolis Light and Heat Company, an Indiana corporation, and to make payment therefor by the issue of bonds and preferred and common stock of this corporation, or in any other manner permitted by law." The authorized capital is 100,000 shares of first preferred stock without nominal or par value, 53,000 shares of second preferred stock of the par value of \$100.00 each and 250,000 shares of common stock without nominal or par value. According to newspaper reports the organization of this company, of which Mr. Walter C. Marmon is president, is the culmination of a sharp struggle between large financial interests for control of Indianapolis Light and Heat Company. The individual stockholders owning, it is stated, approximately 71.5 per cent. of the common stock of

Indianapolis Light and Heat, will place their holdings under one ownership in this new holding company. The possibility of piecemeal acquisition by other interests is therefore eliminated. The incorporation in Delaware was handled by counsel through The Corporation Trust Company.

Flour Mills of America, Inc., with 525,000 shares of common stock, no par value, and 80,000 shares of preferred, no par value, was recently incorporated to acquire all the properties and assets of The Kansas Flour Mills Company and all the physical properties, trade-marks, brands and good will of Valier & Spies Milling Company. The new company was incorporated under the laws of Maryland and, simultaneously, the two old companies were re-incorporated under the laws of Delaware. The filing and representation for both the Maryland company and the two Delaware companies were entrusted by counsel to The Corporation Trust Company.

The provisions in the recent amendments to the New Jersey corporation law authorizing the

holding of stockholders' meetings outside the state when so provided in the certificate or by-laws, seems likely to be welcomed by many New Jersey corporations. The Standard Oil Company of New Jersey has already taken steps to utilize this advantage. At the annual meeting to be held June 1, it was stated in the press, stockholders would be asked to approve an amendment to the certificate of incorporation permitting the company to hold its annual meetings "outside of the state of New Jersey, but only at the office of the corporation in the City of New York or at the office of The Corporation Trust Company in the City of New York." The Corporation Trust Company will be glad to arrange similar facilities for other New Jersey corporations desiring this convenience of a New York meeting place centrally located in the financial district and better adapted to such affairs than a corporation's own business office usually is.

441 corporations were organized in Delaware from April 20 to May 20, as against 439 reported in last month's Journal for the preceding 30-day period.

## Some Important Matters for June, July, August, September and October

This calendar does not purport to cover general taxes or reports to other than state officials, or those we have been officially advised are not required to be filed. *The State Report and Tax Service* maintained by *The Corporation Trust Company System* sends timely notice to attorneys for subscribing corporations of report and tax matters requiring attention from time to time, furnishing information regarding forms, practices and rulings.

**ALASKA**—Annual licenses on certain occupations due on or before November 1.—Domestic and Foreign Corporations.

**ARIZONA**—Report to Corporation Commission and Registration Fee due during June.—Domestic and Foreign Corporations.

- ARKANSAS—Anti-Trust Affidavit due on or before August 1.—Domestic and Foreign Corporations.  
Annual Franchise Tax due on or before August 10.—Domestic and Foreign Corporations.
- CALIFORNIA—Corporation Franchise Tax due on first Monday in July.—Domestic and Foreign Corporations.
- CONNECTICUT—Income Tax due on or before September 1.—Domestic and Foreign Corporations.  
Annual Report due on or before August 15.—Domestic and Foreign Corporations.
- DELAWARE—Annual Franchise Tax due between third Tuesday in March and July 1.—Domestic Corporations.
- GEORGIA—Certified Statement for Registration due on or before November 1.—Domestic and Foreign Corporations.
- IDAHO—Annual Statement due between July 1 and September 1.—Domestic and Foreign Corporations.  
Annual License Tax due between July 1 and September 1.—Domestic and Foreign Corporations.
- ILLINOIS—Annual License Fee or Franchise Tax due on or before July 1 but may be paid up to July 31 without penalty.—Domestic and Foreign Corporations.
- INDIANA—Annual Report between June 1 and July 31.—Domestic Corporations.
- IOWA—Annual Report due between the first day of July and the first day of August.—Domestic and Foreign Corporations.  
Additional statement due at the time of making the Annual Report in July.—Foreign Corporations.
- MAINE—Annual Franchise Tax due on or before September 1.—Domestic Corporations.
- MARYLAND—Franchise Tax due on or before September 1.—Domestic Business Corporations.
- MICHIGAN—Annual Report due during July or August.—Domestic and Foreign Corporations.
- MISSISSIPPI—Annual Report to factory inspector due during July.—Domestic and Foreign Corporations.  
Income Tax Return due on or before June 15.—Foreign Corporations.
- MISSOURI—Annual Statement, Registration and Anti-Trust Affidavit due during July.—Domestic and Foreign Corporations.
- MONTANA—Annual License Tax based on Net Income due between June 1 and June 15.—Domestic and Foreign Corporations.
- NEBRASKA—Annual Report and Fee during July.—Foreign Corporations.  
Annual Statement due on or before September 15.—Foreign Corporations.  
Annual Report and Fee due on or before July 1.—Domestic Corporations.

- NEVADA—Annual List of Officers due on or before July 1.—Domestic and Foreign Corporations.
- NEW JERSEY—Franchise Tax due on or before first Monday in July.—Domestic Corporations.
- NEW MEXICO—Annual Franchise Tax Report due on or before September 1.—Domestic and Foreign Corporations.  
Annual Franchise Tax due on or before November 30.—Domestic and Foreign Corporations.
- NEW YORK—Annual Return of Net Income on or before July 1.—Domestic and Foreign Business Corporations.
- NORTH CAROLINA—Capital Stock Report to determine amount of Franchise Tax due on or before July 1.—Domestic and Foreign Corporations.
- NORTH DAKOTA—Corporation Report due during July.—Domestic and Foreign Corporations.
- OKLAHOMA—Annual License Tax Report due on or before July 31.—Domestic and Foreign Corporations.  
Annual Capital Stock Affidavit due between July 1 and August 1.—Foreign Corporations.
- OREGON—Annual License Fee due within 30 days after July 15.—Domestic Corporations.  
License Fee due between July 1 and August 15.—Foreign Corporations.  
Annual Statement due during June.—Domestic and Foreign Corporations.
- RHODE ISLAND—Corporate Excess Tax due on or before first day of July.—Domestic and Foreign Corporations.
- TENNESSEE—Annual Report and Franchise Tax due on or before July 1.—Domestic and Foreign Corporations.
- UNITED STATES—Second Installment Income Tax imposed for the calendar year 1925 due June 15. Third Installment of Income Tax due on or before September 15.—Domestic Corporations and Foreign Corporations having an office or place of business in the United States.
- UTAH—Corporation License Tax due between November 15 and December 15.—Domestic and Foreign Corporations.
- WASHINGTON—License Tax on or before July 1.—Domestic and Foreign Corporations.
- WEST VIRGINIA—Tax Statement due on or before July 1.—Domestic Corporations.  
Annual License Tax due on or before July 1.—Domestic and Foreign Corporations.  
Fee to State Auditor as Attorney in Fact due on or before June 30.—Foreign and Non-Resident Domestic Corporations.
- WYOMING—Annual Sworn Statement and License Tax due on or before July 1.—Domestic and Foreign Corporations.

## The Corporation Trust Company's Supplementary Literature

*In connection with the various departments of its business, The Corporation Trust Company publishes the following supplementary pamphlets and forms, any of which it is always glad to send without charge to readers of The Journal:*

- What Constitutes Doing Business.** A 128-page pamphlet containing brief digests of 301 decisions selected from those in the various states as indicating what is construed in each state as "doing business" by a foreign corporation in the sense of requiring qualification.
- Safeguarding Stock Transfers.** Dealing with the many pitfalls in transferring stock on a corporation's books, and the liability of the company's officers for making unauthorized transfers.
- Delaware Corporations.**—This handy pamphlet presents in most convenient form for quick reference a digest of the Delaware corporation law, its advantages for business corporations, the attractive provisions for non-par value stock, both common and preferred, and a brief summary of the statutory requirements, procedure and costs of incorporation.
- Shares Without Par Value.** Explains some of the advantages of such shares and presents brief synopses of the statutory provisions for issue in the 39 states in which they are authorized.
- Paying Too Much in Taxes.** Shows how taxpayers may unwittingly make themselves liable for more income tax than is necessary by not observing the proper procedure at the time transactions resulting in gain or loss are being negotiated.
- When Doing Business Is Illegal.** A brief discussion, illustrated by many actual examples taken from the court records of various states, of the difference between "Interstate" and "Intrastate" business, and the risks assumed by a corporation in transacting the latter class of business in a state other than that of its incorporation unless license is first obtained.
- Revenue Act of 1926.** A reprint of the law as furnished to subscribers to The Federal Tax Service of this Company.
- Certificate of Incorporation of Interstate Power Company.** An unusually interesting example of how both common and preferred stock without par value may be handled under the Delaware law. Reprinted by special permission of counsel.
- Transfer Requirement Charts.** A convenient card on which the principal requirements exacted by leading transfer agents for various classes of stock transfers are arranged in groups according to the type of name in which the stock stands. A useful guide for corporation officials charged with the heavy responsibility of making transfers on the company's books.
- Lawyers' Preliminary Work Sheets.** Large sheets for the double purpose of reminding counsel of all the various points on which he may need information from his client before starting the preparation of incorporation papers, and furnishing a convenient medium on which to record such information in rough but systematic form for later reference and check up of papers. Furnished in pads of six sheets.

**THE CORPORATION TRUST COMPANY**

120 Broadway, New York

INCORPORATED UNDER THE BANKING LAW OF NEW YORK

AFFILIATED WITH

**The Corporation Trust Company**

15 Exchange Place, Jersey City

INCORPORATED UNDER THE TRUST COMPANY LAW OF NEW JERSEY

To represent a corporation in a statutory capacity either in the state of incorporation or states in which the company is licensed to do business; to assist counsel in preparing and filing incorporation and qualification papers, amendments to charter, etc.; to act as a corporation's transfer agent, registrar or trustee; to undertake the duty of keeping a lawyer, banker or business man constantly informed of official matters in connection with Federal taxes, various state and local taxes, stock transfer requirements, Federal Trade Commission

proceedings, Congressional activities, Federal Reserve Board matters, decisions of the Supreme Court of the United States—these are all heavy responsibilities for which sound financial standing as well as able business organization is required.

The Corporation Trust Company performs all these functions. Therefore this company feels it a duty to those from whom it asks such confidence to inform them of its financial standing. The latest consolidated statement is here shown.

**CONSOLIDATED FINANCIAL STATEMENT**

As of April 30, 1926

**RESOURCES**

Cash on hand and in banks.....		\$373,185.55
Investments:		
Government Bonds.....	\$481,000.00	
Municipal Bonds.....	117,854.91	
Loans.....	4,350.00	
		603,204.91
Plants, Property and Fixtures.....		9,316.20
Accrued Interest.....		7,851.03
Accounts Receivable.....		95,506.14
Anticipated Expense.....		2,272.74

**\$1,091,336.57****LIABILITIES**

Capital Stock.....	\$600,000.00
Surplus and Undivided Profits.....	336,842.64
Expense Payable and Special Reserves.....	140,479.74
Trustee Accounts.....	14,014.19

**\$1,091,336.57**

Corporations represented in a corporate capacity by The Corporation Trust Company, in Delaware or elsewhere, find that to have this Company acting also as Transfer Agent or Registrar, is highly efficient and convenient. Our familiarity with the company's corporate plan and history often enables us to perform the special tasks that arise in transfer work better to the satisfaction both of stockholders and the company's officers—and with much less bother to the latter—than is always possible for an institution unacquainted with corporate details. Also, the good understanding already established, through our corporate services, with the company's counsel ensures a close cooperation between counsel and Transfer Agent that is always to the company's advantage. The Corporation Trust Company combines, in a way peculiar to itself, the financial responsibility of a trust company with the alertness and experience of a business institution.

